

AMENDED IN ASSEMBLY AUGUST 25, 2000

AMENDED IN ASSEMBLY AUGUST 7, 2000

AMENDED IN ASSEMBLY JUNE 14, 2000

AMENDED IN SENATE MAY 30, 2000

AMENDED IN SENATE MAY 16, 2000

AMENDED IN SENATE APRIL 13, 2000

SENATE BILL

No. 1505

Introduced by Senator Burton

February 15, 2000

An act to amend Sections 22141, 24410.5, 24415, and 24417 of, and to add Section 24410.6 to, the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 1505, as amended, Burton. State Teachers' Retirement System: minimum benefits.

The ~~State~~ Teachers' Retirement Law establishes minimum annual retirement allowance amounts that are payable to retired members, option beneficiaries, and surviving spouses who were receiving an allowance on January 1, 2000, and also provides for additional distributions to restore the purchasing power of retirement allowances to specified levels.

This bill would additionally make those minimum allowance amounts applicable to retired members, option beneficiaries, and surviving spouses who are receiving an allowance on January 1, 2001, and who meet other specified

criteria, *increase those minimum allowance amounts for certain other retired members*, and provide that those benefits shall be initially paid on or before September 1, 2001, except as specified. The bill would also provide for additional distributions to restore the purchasing power of those minimum allowance amounts provided for in the bill ~~and~~, in existing law, *and in AB 429, as specified*.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 22141 of the Education Code is
2 amended to read:

3 22141. Notwithstanding Section 22140,
4 “improvement factor” means an increase of 2 percent in
5 benefits provided under Sections 24408 and 24409 for
6 each year commencing on September 1, 1981, under
7 Section 24410.5 for each year commencing on September
8 1, 2001, and under ~~Section 24410.6~~ *Sections 24410.6 and*
9 *24410.7* for each year commencing on September 1, 2002.
10 The factor shall not be compounded nor shall it be
11 applicable to annuities payable from the accumulated
12 annuity deposit contributions or the accumulated
13 tax-sheltered annuity contributions. The Legislature
14 reserves the right to adjust the amount of the
15 improvement factor up or down as the economic
16 conditions dictate. No adjustments of the improvement
17 factor shall reduce the monthly retirement allowance or
18 benefit below that which would be payable to the
19 recipient under this part had this section not been
20 enacted.

21 *References in this section to Section 24410.7 shall be*
22 *applicable only if that section is added by Assembly Bill*
23 *429 of the 1999–2000 Regular Session and becomes*
24 *effective on or before January 1, 2001.*

25 SEC. 2. Section 24410.5 of the Education Code is
26 amended to read:

27 24410.5. (a) Notwithstanding any provision of this
28 part, including, but not limited to, subdivision (e) of



1 Section 22664, the annual allowance payable on the
 2 effective date of this section to a retired member, an
 3 option beneficiary, or a surviving spouse receiving an
 4 allowance pursuant to either Section 23805 or 23855 shall
 5 not be less than the amount identified in the following
 6 schedule for the number of years of the member's
 7 credited service under the Defined Benefit Program at
 8 the time of the member's retirement, disability, or death,
 9 excluding service credited pursuant to Sections 22714,
 10 22715, 22717, and 22826, after the application of all
 11 allowances and allowance increases authorized by this
 12 part, including those specified in Sections 24412 and
 13 24415, as those sections read on December 31, 1999, *and*
 14 excluding annuities payable from the accumulated
 15 annuity deposit contributions or the accumulated
 16 tax-sheltered annuity contributions:

17		
18	20 years of credited service	\$15,000
19	21 years of credited service	\$15,500
20	22 years of credited service	\$16,000
21	23 years of credited service	\$16,500
22	24 years of credited service	\$17,000
23	25 years of credited service	\$17,500
24	26 years of credited service	\$18,000
25	27 years of credited service	\$18,500
26	28 years of credited service	\$19,000
27	29 years of credited service	\$19,500
28	30 years or more of credited service	\$20,000
29		

30 (b) Notwithstanding subdivision (a), the amount
 31 identified in the schedule in subdivision (a) shall be
 32 reduced:

33 (1) By 50 percent for a beneficiary receiving an
 34 allowance under Option 3 or Option 7.

35 (2) By one-third for an option beneficiary receiving an
 36 allowance under Option 4 after the death of the member
 37 or for a member receiving an allowance under Option 4
 38 after the death of the option beneficiary.

39 (3) By 50 percent for an option beneficiary receiving
 40 an allowance under Option 5 after the death of the



1 member or for a member receiving an allowance under
2 Option 5 after the death of the option beneficiary.

3 (4) By a percentage equal to 100 percent minus the
4 percentage of the member's modified allowance
5 received by the option beneficiary for each option
6 beneficiary receiving an allowance under Option 8.

7 (5) By 60 percent for a surviving spouse receiving an
8 allowance pursuant to subdivision (a) of Section 23805.

9 (6) By 50 percent for a surviving spouse receiving an
10 allowance pursuant to subdivision (c) of Section 23805 or
11 Section 23855.

12 (c) A member to whom a disability allowance is
13 payable on January 1, 2000, who subsequently receives a
14 service retirement allowance pursuant to Section 24213
15 shall, upon the retirement for service, receive an increase
16 in the service retirement allowance pursuant to this
17 section.

18 (d) A member, beneficiary, or surviving spouse may
19 receive an allowance pursuant to this section only if the
20 member was an active member at the time of the
21 member's retirement, or death and, for those members
22 who retired for service, the member retired on or after
23 age 55, unless the member's allowance was not subject to
24 a reduction due to retirement prior to an age specified in
25 this part.

26 (e) A retired member, option beneficiary, or surviving
27 spouse subject to this section shall receive the annual
28 minimum allowance pursuant to this section unless the
29 system receives in writing, on a form prescribed by the
30 system, notification from the member, option
31 beneficiary, or surviving spouse before May 1, 2000, of his
32 or her election not to receive the increase provided under
33 this section.

34 (f) Benefits payable under this section shall be initially
35 paid by the system on July 1, 2000.

36 SEC. 3. Section 24410.6 is added to the Education
37 Code, to read:

38 24410.6. (a) Notwithstanding any provision of this
39 part, including, but not limited to, subdivision (e) of
40 Section 22664, and except as provided in subdivisions (b)

and (c), the annual allowance payable on the effective date of this section to a retired member, an option beneficiary, or a surviving spouse receiving an allowance pursuant to either Section 23805 or 23855 shall not be less than the amount identified in the following schedule for the number of years of the member's credited service under the Defined Benefit Program at the time of the member's retirement, disability, or death, excluding service credited pursuant to Sections 22714, 22715, 22717, and 22826, after the application of all allowances and allowance increases authorized by this part, including those specified in Sections 24412 and 24415, as those sections read on December 31, 2000, *and* excluding annuities payable from the accumulated annuity deposit contributions or the accumulated tax-sheltered annuity contributions:

20 years of credited service	\$15,000
21 years of credited service	\$15,500
22 years of credited service	\$16,000
23 years of credited service	\$16,500
24 years of credited service	\$17,000
25 years of credited service	\$17,500
26 years of credited service	\$18,000
27 years of credited service	\$18,500
28 years of credited service	\$19,000
29 years of credited service	\$19,500
30 years or more of credited service	\$20,000

(b) Notwithstanding subdivision (a), the amount identified in the schedule in subdivision (a) shall be reduced:

(1) By 50 percent for a beneficiary receiving an allowance under Option 3 or Option 7.

(2) By one-third for an option beneficiary receiving an allowance under Option 4 after the death of the member or for a member receiving an allowance under Option 4 after the death of the option beneficiary.

(3) By 50 percent for an option beneficiary receiving an allowance under Option 5 after the death of the

1 member or for a member receiving an allowance under
2 Option 5 after the death of the option beneficiary.

3 (4) By a percentage equal to 100 percent minus the
4 percentage of the member's modified allowance
5 received by the option beneficiary for each option
6 beneficiary receiving an allowance under Option 8.

7 (5) By 60 percent for a surviving spouse receiving an
8 allowance pursuant to subdivision (a) of Section 23805.

9 (6) By 50 percent for a surviving spouse receiving an
10 allowance pursuant to subdivision (c) of Section 23805 or
11 Section 23855.

12 (c) A benefit shall be paid pursuant to this section ~~only~~
13 if both of the following apply:

14 (1) The retired member, the option beneficiary, or the
15 surviving spouse had an allowance payable on January 1,
16 2000, and was not eligible to receive a benefit pursuant to
17 Section 24410.5.

18 (2) The retired member or the member whose service
19 was the basis of the allowance payable to the option
20 beneficiary or surviving spouse was one of the following:

21 (A) A member who retired prior to the age of 55 years,
22 provided the minimum allowance specified in
23 subdivision (a) shall be reduced to an amount equal to
24 that minimum allowance multiplied by the ratio of the
25 percentage of final compensation per year of credited
26 service on which the member's initial allowance was
27 based to 1.4.

28 (B) A member who was paid a retirement allowance
29 pursuant to Section 24213, if the member's credited
30 service, excluding service credited pursuant to Sections
31 22714, 22715, 22717, and 22826, was less than 20 years but
32 whose projected service to normal retirement age,
33 excluding service credited pursuant to Sections 22714,
34 22715, 22717, and 22826, was equal to or greater than 20
35 years, provided that the minimum allowance payable
36 shall be based on 20 years of credited service.

37 (C) A member who retired as an inactive member.

38 (D) A member who retired prior to March 21, 1974,
39 with 19.5 years or more of credited service, provided that

1 the minimum allowance payable shall be based on 20
2 years of credited service.

3 (E) A member who retired on or after March 21, 1974,
4 and prior to January 1, 2000, and whose credited service,
5 excluding service credited pursuant to Sections 22714,
6 22715, 22717, and 22826, was less than 20 years, but whose
7 credited service, excluding service credited pursuant to
8 Sections 22714, 22715, and 22826, but including service
9 credited pursuant to Section 22717, was equal to or
10 greater than 20 years, provided that the minimum
11 allowance payable shall be based on 20 years of credited
12 service.

13 ~~(d)~~

14 (F) A member whose credited service, excluding
15 service credited pursuant to Sections 22714, 22715, and
16 22826, but including credited service that a court has
17 ordered be awarded to the member's nonmember spouse
18 pursuant to Section 22652, equaled at least 20 years,
19 provided that the amount payable to the member
20 pursuant to this section shall be based on the amount of
21 service credited to the member, excluding service
22 credited pursuant to Sections 22714, 22715, 22717, and
23 22826, and the amount awarded to the nonmember
24 spouse, and further provided that the minimum
25 allowance specified in subdivision (a) shall be reduced to
26 an amount equal to that minimum allowance multiplied
27 by the ratio of (i) the amount of service credited to the
28 member, excluding service credited pursuant to Sections
29 22714, 22715, 22717, and 22826, to (ii) the sum of the
30 amount of service credited to the member, excluding
31 service credited pursuant to Sections 22714, 22715, 22717,
32 and 22826, and the amount awarded to the nonmember
33 spouse.

34 (d) A benefit shall be paid pursuant to this section to
35 a retired member receiving a benefit pursuant to Section
36 24410.5 if (1) the member meets the criteria of
37 subparagraph (F) of paragraph (2) of subdivision (c),
38 and (2) the allowance payable under that subparagraph,
39 after the application of all allowances and allowance
40 increases authorized by this part, including those

1 *specified in Sections 24412 and 24415, is greater than the*
2 *allowance payable under Section 24410.5, after the*
3 *application of all allowances and allowance increases*
4 *authorized by this part, including those specified in*
5 *Sections 24412 and 24415.*

6 (e) A retired member, option beneficiary, or surviving
7 spouse subject to this section shall receive the annual
8 minimum allowance pursuant to this section unless the
9 system receives in writing, on a form prescribed by the
10 system, notification from the member, option
11 beneficiary, or surviving spouse of his or her election not
12 to receive the increase provided under this section.

13 ~~(e)~~

14 (f) Benefits payable under this section shall be initially
15 paid by the system on or before September 1, 2001.

16 SEC. 4. Section 24415 of the Education Code is
17 amended to read:

18 24415. (a) The proceeds of the Supplemental Benefit
19 Maintenance Account shall be distributed annually in
20 quarterly supplemental payments commencing on
21 September 1, 1990, to retired members, disabled
22 members, and beneficiaries. The amount available for
23 distribution in any fiscal year shall not exceed the amount
24 necessary to restore purchasing power up to 75 percent
25 of the purchasing power of the initial monthly allowance
26 after the application of all allowance increases authorized
27 by this part, including those specified in Section 24412,
28 but excluding those provided pursuant to Sections 22410.5
29 ~~and 24410.6, 24410.6, and 24410.7.~~

30 (b) The net revenues to be distributed shall be
31 allocated among those retired members, disabled
32 members, and beneficiaries whose allowances, after
33 sequentially applying the annual improvement factor as
34 defined in Sections 22140 and 22141, and the annual
35 supplemental payment as defined in Section 24412, have
36 the lowest purchasing power percentage. The purchasing
37 power calculation for each individual shall be based on
38 the change in the All Urban California Consumer Price
39 Index between June of the calendar year of retirement
40 and June of the fiscal year preceding the fiscal year of

1 distribution. In any year in which the purchasing power
2 of the allowances of all retired members, disabled
3 members, and beneficiaries equals not less than 75
4 percent and additional funds remain from the allocation
5 authorized by this section, those funds shall remain in the
6 Supplemental Benefit Maintenance Account for
7 allocation in future years.

8 (c) The allowance increase shall not be applicable to
9 annuities payable from the accumulated annuity deposit
10 contributions or the accumulated tax-sheltered annuity
11 contributions.

12 (d) The benefits provided by subdivision (b) are not
13 cumulative, not part of the base allowance, and will be
14 payable only to the extent that funds are available from
15 the Supplemental Benefit Maintenance Account. The
16 board shall inform each recipient of the contents of this
17 subdivision.

18 (e) The adjustments authorized by this section are
19 vested only up to the amount payable as a result of the
20 annual appropriation made pursuant to Section 22954 and
21 shall not be included in the base allowance for purposes
22 of calculating the annual improvement defined by
23 Sections 22140 and 22141.

24 (f) Notwithstanding subdivision (b), for purposes of
25 restoring the purchasing power of benefits provided
26 pursuant to Section 24410.5 for members and
27 beneficiaries receiving benefits pursuant to subdivision
28 (b), the purchasing power calculation shall be based on
29 75 percent of the change in the All Urban California
30 Consumer Price Index between January 2000, and June
31 of the fiscal year preceding the fiscal year of distribution,
32 after the application of increases authorized by Section
33 24412 that are made to those benefits.

34 (g) Notwithstanding subdivision (b), for purposes of
35 restoring the purchasing power of benefits provided
36 pursuant to ~~Section 24410.6~~ *Sections 24410.6 and 24410.7*
37 for members and beneficiaries receiving benefits
38 pursuant to subdivision (b), the purchasing power
39 calculation shall be based on 75 percent of the change in
40 the All Urban California Consumer Price Index between

1 January 2001, and June of the fiscal year preceding the
2 fiscal year of distribution, after the application of
3 increases authorized by Section 24412 that are made to
4 ~~those—benefits~~ *the allowances provided pursuant to*
5 *Sections 24410.6 and 24410.7.*

6 *References in this section to Section 24410.7 shall be*
7 *applicable only if that section is added by Assembly Bill*
8 *429 of the 1999–2000 Regular Session and becomes*
9 *effective on or before January 1, 2001.*

10 SEC. 5. Section 24417 of the Education Code is
11 amended to read:

12 24417. (a) The proceeds of an auxiliary
13 Supplemental Benefit Maintenance Account shall be
14 distributed annually in quarterly supplemental
15 payments, commencing when funds in the Supplemental
16 Benefit Maintenance Account are insufficient to support
17 75 percent, to retired members, disabled members, and
18 beneficiaries. The amount available for distribution in
19 any fiscal year shall not exceed the amount necessary to
20 restore purchasing power up to 75 percent of the
21 purchasing power of the initial monthly allowance after
22 the application of all allowance increases authorized by
23 this part, including those specified in Section 24412 and
24 Section 24415, and excluding those provided pursuant to
25 ~~Section 24410~~ *Sections 24410.5, 24410.6, and 24410.7.*

26 (b) The net revenues to be distributed shall be
27 allocated among those retired members, disabled
28 members, and beneficiaries whose allowances, after
29 sequentially applying the annual improvement factor as
30 defined in Sections 22140 and 22141, and the annual
31 supplemental payment as defined in Section 24412 and
32 Section 24415, have the lowest purchasing power
33 percentage. The purchasing power calculation for each
34 individual shall be based on the change in the All Urban
35 California Consumer Price Index between June of the
36 calendar year of benefit effective date and June of the
37 fiscal year preceding the fiscal year of distribution.

38 (c) The allowance increase shall not be applicable to
39 annuities payable from the accumulated annuity deposit

1 contributions or the accumulated tax-sheltered annuity
2 contributions.

3 (d) The benefits provided by subdivision (b) are not
4 cumulative, nor part of the base allowance, and will be
5 payable only to the extent that funds are available from
6 the Supplemental Benefit Maintenance Account and the
7 auxiliary Supplemental Benefit Maintenance Account.
8 The board shall inform each recipient of the contents of
9 this subdivision.

10 (e) The distributions authorized by this section are
11 vested only up to the amount payable as a result of the
12 annual appropriation made pursuant to Section 22954 and
13 shall not be included in the base allowance for purposes
14 of calculating the annual improvement defined by
15 Section 22140 and 22141.

16 (f) Notwithstanding subdivision (b), for purposes of
17 restoring the purchasing power of benefits provided
18 pursuant to Section 24410.5 for members and
19 beneficiaries receiving benefits pursuant to subdivision
20 (b), the purchasing power calculation shall be based on
21 75 percent of the change in the All Urban California
22 Consumer Price Index between January 2000, and June
23 of the fiscal year preceding the fiscal year of distribution,
24 after the application of increases authorized by Section
25 24412 that are made to those benefits.

26 (g) Notwithstanding subdivision (b), for purposes of
27 restoring the purchasing power of benefits provided
28 pursuant to ~~Section 24410.6~~ Sections 24410.6 and 24410.7
29 for members and beneficiaries receiving benefits
30 pursuant to subdivision (b), the purchasing power
31 calculation shall be based on 75 percent of the change in
32 the All Urban California Consumer Price Index between
33 January 2001, and June of the fiscal year preceding the
34 fiscal year of distribution, after the application of
35 increases authorized by Section 24412 that are made to
36 ~~those benefits~~ the allowances provided pursuant to
37 Sections 24410.6 and 24410.7.

38 *References in this section to Section 24410.7 shall be*
39 *applicable only if that section is added by Assembly Bill*

1 429 of the 1999–2000 Regular Session and becomes
2 effective on or before January 1, 2001.

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